



CO-OPERATIVE FEDERATION OF VICTORIA LTD

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28 February 1997

The Hon. Mrs Ann Henderson MLA
Minister for Housing
250 Elizabeth Street
MELBOURNE 3000

Dear Minister,

Re: Co-operatives and Community Housing

The Co-operative Federation of Victoria is recognised by a number of your ministerial colleagues as the peak body representing co-operatives in this state. We take an active interest in monitoring government policy towards co-operatives, and to clarify matters with relevant Ministers when the need arises.

The Federation appreciates the Victorian Government's support for the co-operative form of organisation, as evidenced by the recent passage of the *Co-operatives Act 1996* through the Victorian parliament.

You may recall your colleague, the Minister for Fair Trading, Mrs Jan Wade, advising the parliament on 31 October, 1996 that the new act is a significant milestone in Australian corporate law, and that it updates the standards and accountability of co-operatives to equate with present day requirements.

Considering your government's support for co-operatives and the increased standards of probity and accountability of co-operatives under the new act, the Federation is surprised to learn that the preferred structure of THM's outlined in your Department's *Community Housing THM Tender* of 19 December, 1996 is a public company.

We presume that a similar structure may be preferred for long term community housing.

The tender document argues that a public company is the preferred structure because of the high standards of probity and accountability afforded to companies under the Corporations Law.

Co-operatives governed by the new *Co-operatives Act 1996* will be subject to comparable standards of probity and accountability as public companies. Under the new act, the duties and obligations of directors will be the same as that for companies, and it will continue the current practice of the accounts etc. of a co-operative being audited at least annually by a registered company auditor and such audited accounts being available to the public.

We note in the tender document that your Department will consider submissions by organisations having some other corporate form, having regard to the regulatory environment in which the relevant organisations operate and the extent of public reporting and accountability required of those organisations.

With the regulatory environment and reporting requirements created by the *Co-operatives Act 1996* being comparable with the Corporations Law, the Federation believes a co-operative will meet the criteria set out in the tender document for a structure of a THM and other community housing initiatives.

We therefore seek your assurance that should a co-operative tender for the management of community housing stock, it will be recognised by your Department as an organisation that meets the standards of probity and accountability required of public companies under Corporations Law, and that any tender submission from a co-operative will be considered on its merits, not on the basis of its corporate form.

If your Department requires clarification of any of the matters raised in this letter, please ask them to contact me.

We await in anticipation of your reply.

Yours sincerely,



**Tony Gill
Secretary**